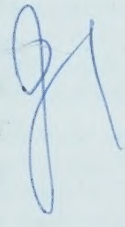

Report to Shareholders

Full 

**CANAM COPPER
COMPANY, LTD.**

APRIL 25, 1966

CANAM COPPER COMPANY, LTD.

OFFICERS

S. A. PERRY, F.C.I.S. President
E. L. DOYLE Vice-President
G. D. PATTISON, C.A. Secretary-Treasurer
R. D. BELL, C.A. Assistant Secretary-Treasurer

DIRECTORS

E. L. DOYLE Vancouver, B.C.
H. M. HOCKIN Hope, B.C.
J. P. MANLEY, Q.C. Toronto, Ontario
G. D. PATTISON, C.A. Toronto, Ontario
S. A. PERRY, F.C.I.S. Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST COMPANY Toronto, Ontario

CO-TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY Vancouver, B.C.

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON Toronto, Ontario

HEAD OFFICE

SUITE 509, 25 ADELAIDE STREET WEST Toronto, Ontario

CANAM COPPER COMPANY, LTD.

Suite 509, 25 Adelaide Street West

TORONTO 1, ONTARIO

Report of the Directors

To the Shareholders,
CANAM COPPER COMPANY, LTD.

Presented herewith is the financial statement of your Company for the year ended December 31, 1965 with Auditors' Report thereon dated February 23, 1966.

Giant Mascot Mines Limited (Non-Personal Liability) has, under the agreement dated April 17, 1964, made with the Company, expended in excess of the \$225,000.00 it was required to expend up to December 31, 1965 in exploring and developing the Company's mining properties near Hope, British Columbia, and the agreement remains in good standing. Ore reserves were reported by Mr. L. P. Starck, P.Eng., the General Manager of Giant Mascot Mines Limited, in his report dated December 28, 1965 included in that Company's Fifteenth Annual Report as follows: "This work, which cost \$236,936, outlined 2,130,000 tons of proven and probable and 670,000 tons of possible (ore) grading 1.32% copper, 0.033% molybdenum, 0.71 ounces silver and 0.015 ounces gold, after allowing 15% dilution."

Early in the current year Mr. W. Clarke Gibson, the President of Giant Mascot, commenced negotiations with your Company to obtain either an extension of time in which Giant Mascot may elect to place the Canam property into production or purchase the Canam properties for a consideration consisting of shares of Giant Mascot. Under the agreement of April 17, 1964 Giant Mascot was required to make the production decision by April 30, 1966. However, in view of the high cost of money and the critical shortage of experienced mine personnel, it would be prudent to defer the production decision for the present. Also, Giant Mascot's independent consultants advise that the capital costs will be some 10% higher than originally estimated which points to the desirability of developing additional tonnage before formulating firm production plans. It is estimated that the property could now be put into production, and the capital investment required to do so in the amount of approximately \$5,300,000 would be recovered. However, the remaining profits in which your Company would have a 35% interest would seem to be inadequate and an election to place the property in commercial production at this time would not be in the best interests of Canam and/or Giant Mascot.

Your Directors have carefully considered the proposals made by Giant Mascot and have come to the conclusion that the sale by your Company of its mining properties and plant to Giant Mascot for a consideration consisting of shares of Giant Mascot would be the most advantageous course to follow. Under this type of transaction it is planned that the shares of Giant Mascot received by your Company would be distributed pro rata to shareholders and the Company would then be dissolved. As shareholders of Giant Mascot you would have an interest not only in the future of the Canam property but also in all the other activities, assets and potential of Giant Mascot.

Accompanying this report is a copy of an offer dated March 31, 1966, of Giant Mascot made to your Company, Consolidated Mogul Mines Limited, and Lorado Uranium Mines Limited, whereunder Giant Mascot has offered to purchase, upon the terms and conditions stated therein, the Canam claims, the buildings and equipment and all the rights of Canam in and to the Park Use Permits. The consideration payable would be 1,084,997 shares of Giant Mascot which would be distributed to the shareholders of Canam by its liquidator on the basis of one share of Giant Mascot for eight shares of Canam. As a result of this distribution the Canam shareholders would hold in excess of 23% of the issued shares of Giant Mascot which shares are listed on both the Vancouver and Toronto Stock Exchanges. The offer also provides for the payment by Giant Mascot of the indebtedness owing by Canam to Consolidated Mogul and Lorado in the aggregate amount of \$217,770.00. The said offer has been accepted by your Directors and by the Directors of Consolidated Mogul and Lorado.

Since the aforesaid offer is subject to your approval, an Annual and Special General Meeting of Shareholders is to be held on May 18th, 1966, and the notice of such meeting setting forth the business to be transacted thereat together with a form of proxy accompany this report. Also accompanying this report is a copy of the Fifteenth Annual Report of Giant Mascot Mines Limited to assist you in evaluating the merits of Giant Mascot's offer.

If you are unable to attend the forthcoming Annual and Special General Meeting of Shareholders, it would be appreciated if you would return your proxy in the postage paid envelope provided for this purpose.

On behalf of the Board of Directors,

Toronto, Ontario,
April 25th, 1966.

S. A. PERRY,
President.

CANAM COPPER COMPANY, LTD.

GIANT MASCOT MINES LIMITED

(Non-Personal Liability)

1825 - 355 Burrard Street

VANCOUVER 1, B.C.

March 31, 1966

CANAM COPPER COMPANY, LTD.,
CONSOLIDATED MOGUL MINES LTD. and
LORADO URANIUM MINES LIMITED,
Suite 509, 25 Adelaide Street West,
Toronto 1, Ontario.

Attention: S. A. PERRY, Esq.

Dear Sirs:

May we refer to the agreement dated the 17th day of April, 1964 ('the agreement'), between Canam Copper Company, Ltd. ('Canam'), of the First Part, Consolidated Mogul Mines Ltd. ('Mogul'), of the Second Part, Lorado Uranium Mines Limited ('Lorado'), of the Third Part, and the undersigned, Giant Mascot Mines Limited (N.P.L.) ('Giant Mascot'), of the Fourth Part, under the terms of which Giant Mascot was granted the sole and exclusive right to explore and develop the A.M. Group of Crown granted mineral claims and the Invermay Group of recorded mineral claims (both hereinafter referred to as 'the Canam claims'), as more particularly described therein, and Canam agreed that, upon Giant Mascot electing on or before the 30th day of April, 1966, to place the A.M. Group in production as therein provided, Canam would sell or assign to a new company to be incorporated the Canam claims, the buildings and equipment owned by Canam and all the right of Canam in and to certain Park Use Permits more particularly described therein.

This letter constitutes an offer by Giant Mascot to purchase the Canam claims, the buildings and equipment and all the rights of Canam in and to the Park Use Permits upon the following terms and conditions:

1. The consideration payable would be 1,084,997 shares of Giant Mascot to be allotted and issued forthwith upon the effective date as hereinafter defined, as fully paid and non-assessable, and free of any escrow conditions to the Liquidator of Canam to be appointed by the Supreme Court of Ontario pursuant to a resolution passed at the Annual and Special General Meeting of Canam to be held pursuant to paragraph 5 hereof authorizing the winding up of Canam.

2. Giant Mascot would purchase from Canam forthwith upon the effective date as hereinafter defined, at the market price, the security, by way of a Government of Canada Bond or Bonds, posted by Canam with the Department of Recreation and Conservation of the Province of British Columbia as a condition of Canam obtaining the said Park Use Permits.

3. Giant Mascot would also reimburse Canam, forthwith upon the effective date as hereinafter defined, in the sum of \$3,457.12, being the unearned portion of the Insurance premiums heretofore paid by Canam to maintain insurance on the buildings and equipment at its property.

4. (a) Giant Mascot would undertake to pay Canam's indebtedness to Mogul and Lorado, in the aggregate sum of \$217,770.00, in instalments, as follows:

(i) the sum of \$72,590.00 to be paid forthwith upon the effective date;

(ii) in two instalments, each in a like amount, to be payable, together with interest as hereinafter provided, within 6 months and 12 months, respectively, after the effective date.

(b) To secure the payment of the instalments referred to in the last preceding sub-paragraph (a) hereof, Giant Mascot shall issue to Mogul and to Lorado, severally, promissory notes in the principal amount of the proportion of each such instalment to which Mogul and Lorado is respectively entitled, bearing interest at the rate of Six Percentum (6%) per annum, calculated from the effective date on the sums from time to time outstanding.

(c) Concurrently with the conveyance to Giant Mascot of the Canam claims and the equipment owned by Canam, Giant Mascot would grant unto Mogul and Lorado, by way of collateral security for

the said notes, or a trustee named by them to act on their behalf, a first mortgage charging the Canam claims in form registerable in the Kamloops Land Registry Office and in the Office of the Mining Recorder for the New Westminster Mining Division, and a first chattel mortgage charging the equipment and machinery transferred by Canam to Giant Mascot to secure the payment by Giant Mascot to Mogul and Lorado of the sum of \$145,180.00, together with interest thereon at the rate of Six Percentum (6%) per annum, calculated in the manner hereinbefore provided.

5. The offer made herein is subject to the acceptance by the Boards of Directors of Canam, Mogul and Lorado, on or before the 15th day of April, 1966, and to the approval by the shareholders of Canam at an Extraordinary or Ordinary General Meeting of Canam to be held on or before the 31st day of May, 1966, and to the approval by the Vancouver and Toronto Stock Exchanges.

6. In the event that the Boards of Directors of Canam, Mogul and Lorado accept the offer set out herein, subject always to the approval of the shareholders of Canam, Giant Mascot, by virtue of such acceptance, would be granted an extension until the 30th day of June, 1966, of the time within which it may elect to place the A.M. Group in commercial production in accordance with the terms of the agreement.

7. (a) The effective date of this agreement shall be the date upon which:

- (i) the shareholders of Canam ratify the acceptance of the offer made herein and pass a resolution authorizing the winding up of Canam; and
- (ii) the Toronto and Vancouver Stock Exchanges accept for filing Filing Statements submitted by Giant Mascot disclosing the terms of this proposal;

whichever shall last occur, provided that if such Filing Statement is not accepted by the Vancouver Stock Exchange or the Toronto Stock Exchange for filing on or before the 15th day of June, 1966, then, at the option of either Canam or Giant Mascot, the offer made herein and its acceptance may be treated as of no further force or effect.

(b) Forthwith after the effective date, subject always to the provisions of paragraph 4(c) hereof, Canam shall convey to Giant Mascot, free and clear of all encumbrances, the Canam claims, the buildings and equipment, and all its benefit in and to the Park Use Permits, and vest good title thereto in Giant Mascot.

(c) Forthwith upon the effective date, the agreement dated the 17th day of April, 1964, as modified and supplemented to date, shall then be of no further force or effect.

Yours very truly,

GIANT MASCOT MINES LIMITED (N.P.L.)

Per: "W. C. GIBSON"

W. C. Gibson, President.

CANAM COPPER COMPANY, LTD.

Incorporated under the laws of Canada

Balance Sheet

December 31, 1965

ASSETS

CURRENT ASSETS:

Cash	4,251.20	
Short-term deposit with trust company	3,562.00	
Accounts receivable	2,525.19	
Prepaid expenses	3,363.22	13,701.61

GOVERNMENT OF CANADA BOND, AT COST, 3%, maturing September 1, 1966, deposited with the government of the Province of British Columbia (market value \$4,942.50)		4,887.50
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MINING PROPERTIES, at the consideration given therefor consisting of 2,333,333 shares of capital stock		2,100,000.00
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FIXED ASSETS, AT COST:

Buildings, machinery and equipment	470,071.00	
Mine road	26,901.02	496,972.02

DEFERRED CHARGES		2,420,152.27
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\$ 5,035,713.40

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities		1,623.53
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LOAN PAYABLE TO A SHAREHOLDER		77,370.00
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6% LOAN PAYABLE TO ANOTHER MINING COMPANY		140,400.00
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219,393.53

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 12,000,000 shares without par value		
Issued, 8,679,973 shares		4,816,319.87

\$ 5,035,713.40

The accompanying note is an integral part of this statement.

Approved on behalf of the Board:

S. A. PERRY, Director.

G. D. PATTISON, Director.

This is the balance sheet referred to in our report to the shareholders dated February 23, 1966.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants.

Auditors' Report

To the Shareholders of
CANAM COPPER COMPANY, LTD.

We have examined the balance sheet of Canam Copper Company, Ltd. as at December 31, 1965 and the statement of deferred charges for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statement of deferred charges present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants.

Toronto, Canada,
February 23, 1966.

CANAM COPPER COMPANY, LTD.

Statement of Deferred Charges

Year ended December 31, 1965

Deferred charges at beginning of year		2,402,255.71
Expenditures during year:		
Administration fee	3,000.00	
Annual report	456.18	
Audit	275.00	
Directors' fees	300.00	
Government fees and taxes ..	68.00	
Interest	8,100.00	
Legal	3,701.95	
Listing	100.00	
Mine general expenses	202.00	
Office supplies and expenses	225.71	
Stock transfer expense	2,179.72	
	<hr/>	
	18,608.56	
Less Interest earned	712.00	17,896.56
	<hr/>	<hr/>
DEFERRED CHARGES AT END OF YEAR		<u><u>\$ 2,420,152.27</u></u>

Note to Financial Statement

Year ended December 31, 1965

By agreements dated April 17, 1964 and July 2, 1965 between the company and Giant Mascot Mines Limited, the company has granted Giant Mascot the right to explore and develop the company's mining properties near Hope, British Columbia.

At December 31, 1965, Giant Mascot has expended in excess of the \$225,000.00 it was required to expend under the agreements and accordingly has extended its rights up to April 30, 1966.

At any time prior to April 30, 1966, Giant Mascot may elect to place the properties into commercial production and furnish the necessary monies.

Should such election be made, Canam is to transfer to G.M. Explorations Limited, which is to be the operating company, its mining properties, buildings, equipment and preproduction expenditures. In consideration therefor Canam is to receive between 35% and 40% of the issued common shares of the operating company, depending on the amount of Canam's loan indebtedness outstanding at the date of election. The creditors under loans to Canam have agreed to accept, in full settlement of the indebtedness, 6% income debentures of the operating company, guaranteed by Giant Mascot. Giant Mascot is to receive the balance of the issued common shares of the operating company, and in addition is to receive one 6% cumulative redeemable preferred share of \$1.00 par value for each 96¢ of expenditures to a maximum of \$50,000.00 incurred before the date of election and for all expenditures subsequent to that date.

CANADIAN COPPER COMPANY LIMITED

Statement of Financial Position

As at December 31, 1999

	1999	1998
Current assets		
Accounts receivable	1,234,567	1,123,456
Inventory	567,890	678,901
Prepaid expenses	123,456	234,567
Other current assets	345,678	456,789
Total current assets	2,261,591	2,493,713
Non-current assets		
Property, plant and equipment	15,678,901	14,567,890
Intangible assets	1,234,567	1,123,456
Other non-current assets	345,678	456,789
Total non-current assets	17,259,146	16,148,135
Total assets	19,520,737	18,641,848
Current liabilities		
Accounts payable	1,234,567	1,123,456
Short-term debt	567,890	678,901
Other current liabilities	345,678	456,789
Total current liabilities	2,148,135	2,263,146
Non-current liabilities		
Long-term debt	10,123,456	9,012,345
Other non-current liabilities	1,234,567	1,123,456
Total non-current liabilities	11,358,023	10,135,801
Total liabilities	13,506,158	12,398,947
Shareholders' equity		
Common shares	5,000,000	5,000,000
Retained earnings	1,014,579	1,242,901
Total shareholders' equity	6,014,579	6,242,901

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. General Information

2. Significant Accounting Policies

3. Financial Instruments

4. Property, Plant and Equipment

5. Intangible Assets

6. Debt

7. Shareholders' Equity

8. Related Party Transactions

9. Contingent Liabilities and Commitments

10. Subsequent Events